



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
Office of Health Care Access

April 2, 2013

Pamela J. Kane, Vice President
Physician Practice Management
Lawrence & Memorial Hospital
365 Montauk Avenue
New London, CT 06320

RE: Certificate of Need Determination; Report Number 13-31829-DTR
Operational Status of certain outpatient services at or by Lawrence & Memorial Hospital

Dear Ms. Kane:

On January 4, 2013, the Office of Health Care Access ("OHCA") initiated an inquiry regarding the operational status of certain outpatient services at or by Lawrence & Memorial Hospital, namely Outpatient Behavioral Medicine Counseling Services, Obstetrics Clinic Services and HIV/AIDS Clinic Services. On January 17, 2013 and March 11, 2013, OHCA received information from the Hospital in response to OHCA questions. OHCA's determination issued herein is based on the following information:

1. Lawrence & Memorial Hospital, Inc. ("Hospital") is a general hospital licensed by the Department of Public Health under Connecticut General Statutes Chapter 368v and is a health care facility for purposes of Connecticut General Statutes Chapter 368z.
2. Associated Specialists of Southeastern Connecticut, Inc. is an active, non-stock corporation affiliated with the Hospital. It is described by the Hospital as a captive physician practice entity. The following information is found in the notes of the Hospital's FY 2008 audited financial statements regarding this affiliated entity:

"Effective January 1, 2008, Associated Specialists of Southeastern Connecticut, Inc. (Associated Specialists) was established. On April 1, 2008, Associated Specialists began billing under their own provider numbers. This is a wholly owned entity of the Hospital."
3. The term Health Care Facility as defined in Connecticut General Statutes Chapter 368z includes "any parent company, subsidiary, affiliate or joint venture, or any combination thereof, of any such facility or institution."

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4. L&M Physician Association, Inc. is an active, non-stock corporation wholly-owned by Lawrence & Memorial Corporation, the parent corporation of the Hospital. In October of 2009, L&M Physician Association, Inc. was formed as a medical foundation pursuant to Connecticut General Statutes §33-182bb, within chapter 594b. Pursuant to Connecticut General Statutes §19a-630(1), the term Affiliate as used in Chapter 368z, "does not include a medical foundation organized under chapter 594b."
 5. The Hospital was the provider which billed for and recorded financial and utilization activity on the hospital's books for the following services until the end of March, 2008:
 - Outpatient Behavioral Medicine Counseling Services;
 - Obstetrics Clinic¹ Services;
 - HIV/AIDS Clinic Services.
 6. In April, 2008, Associated Specialists began billing for these services under its provider number(s). From April of 2008 until recently, Associated Specialists had been the entity that billed for and received reimbursement for the services and was legally liable for the patient care.
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7. L&M Physician Association, Inc. has recently become the billing entity for the Outpatient Behavioral Medicine Counseling Services and the Obstetric Clinic services. Some of the service practitioners (physicians and non-physicians) who were previously employed by Associated Specialists are now employed by L&M Physician Association, Inc.
 8. On or around November 16, 2012, the Obstetric Clinic Services were relocated from the Hospital's main campus at 365 Montauk Avenue New London to 470 Bank Street, New London.
 9. On or around January 18, 2013, the Outpatient Behavioral Medicine Counseling Services were relocated from a wing of the building referred to as "Pond House" at 365 Montauk Avenue, New London to multiple locations: the Professional Development Center building of the Hospital at 365 Montauk Avenue in New London, 276 Montauk Avenue in New London, 248 Flanders Road in Niantic, 404 Thames Street in Groton, 91 Voluntown Road in Pawcatuck and 2 Lorenz Industrial Parkway in Ledyard.

¹ The Obstetrics Clinic can also be referred to as the OB Clinic, OB-GYN Clinic or the Prenatal Clinic.

10. The HIV/AIDS Clinic Services continue to be provided by and billed for by Associated Specialists and remain in the same location.
11. The Hospital remains the provider of Intensive Outpatient Therapy and Inpatient Psychiatric Unit Care; these services were not transferred to Associated Specialists or to L&M Physician Association.
12. Connecticut General Statutes §19a-638(a)(2) stated the following at the time of the transfer of services which occurred as of April 1, 2008: "Each health care facility or institution or institution or state health care facility or institution, including any inpatient rehabilitation facility, which intends to introduce any additional function or service into its program of health care shall submit to the office, prior to the proposed date of the institution of such function or service, a request for permission to undertake such function or service."
13. Connecticut General Statutes §19a-638(a)(3) stated the following at the time of the transfer of services which occurred as of April 1, 2008: "Each health care facility or institution or state health care facility or institution which intends to terminate a health service offered by such facility or institution or reduce substantially its total bed capacity, shall submit to the office, prior to the proposed date of such termination or decrease, a request to undertake such termination or decrease."
14. The current wording of Connecticut General Statutes §19a-638 (4) requires a Certificate of Need for the termination of inpatient or outpatient services offered by a hospital, including, but not limited to, the termination by a short-term acute care hospital or children's hospital of inpatient and outpatient mental health and substance abuse services.

Based upon a review of the matter outlined above, OHCA determines the following:

- a. Lawrence & Memorial Hospital is required to file a Certificate of Need request for the termination of its Outpatient Behavioral Medicine Counseling Services, Obstetrics Clinic Services and HIV/AIDS Clinic Services in March of 2008.
- b. Associated Specialists of Southeastern Connecticut, Inc., an affiliate of the Hospital and a health care facility, is required to file a Certificate of Need request for the establishment of Outpatient Behavioral Medicine Counseling Services, Obstetrics Clinic Services and HIV/AIDS Clinic Services in April of 2008.

The Certificate of Need requests may be filed as one combined application with the Hospital and Associates Specialists as Applicants. Further, the Applicants should include in the Certificate of Need application any other services that were transferred from the Hospital to Associated Specialists at that time.

As the recent transfer of services in 2012 from Associated Specialists of Southeastern Connecticut, Inc. to the medical foundation, L&M Physician Association, Inc. and the related relocation of services in 2013 did not involve hospital services, the most recent transfers of services and relocations do not require Certificate of Need authorization pursuant to current general statute wording.

If you have any questions regarding the above, please contact Karen Roberts, Principal Health Care Analyst at (860) 418-7001.

Sincerely,



Kimberly R. Martone
Director of Operations, OHCA

KRM:kr

C: Bruce Cummings, President and Chief Executive Officer, Lawrence + Memorial Hospital
Rose McLellan, License and Applications Supervisor, DPH, DHSR